



CPS 511

# Remuneration Disclosures

2024 Financial Year  
Allianz Australia Limited



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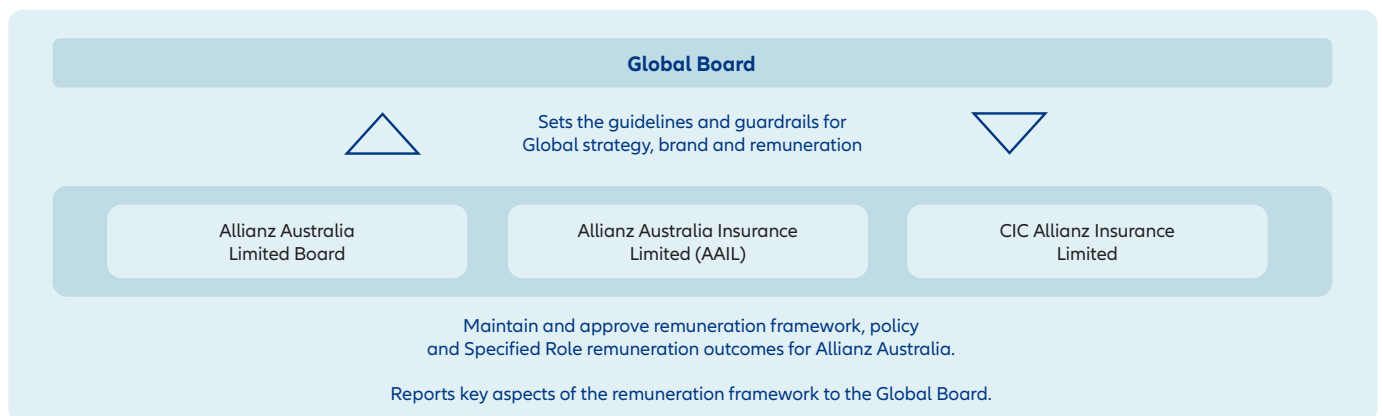
## 1. Introduction

This remuneration disclosure has been prepared in accordance with the requirements of the Australian Prudential Regulation Authority's (APRA) Prudential Standard CPS 511 – Remuneration. All information presented in this disclosure was effective as at 31 December 2024. Allianz Australia Limited (AAL) is categorised as a Significant Financial Institution under CPS 511.

## 2. Qualitative Disclosures

### 2.1 Remuneration governance framework

The graphic below illustrates the structure and function for the Allianz SE Board (Global Board) and Allianz Australia and other Allianz Australia entities.



The key governing bodies that oversee remuneration at Allianz are structured as follows:

#### Allianz SE Board

The Allianz SE Board sets the Group Remuneration Policy and frameworks within which all Allianz entities are required to operate, with deviations only allowed to meet local regulatory requirements.

#### Allianz Australia Board ('AAL Board')

The AAL Board has overall accountability for the remuneration policy, remuneration framework and its effective application, and performance measures and remuneration outcomes for employees in regulated roles, including discretion to make adjustments (including to zero) on remuneration and conduct outcomes.

The AAL Board reviews the application and effectiveness of the Remuneration Framework, including the Remuneration Policy on an annual basis.

The AAL Board has ten members including three Allianz SE representatives and one alternate director.

The AAL Board had eight meetings in 2024.

#### Allianz Australia People & Culture and Remuneration Committee ('AAL PCRC')

The AAL PCRC assists the AAL Board by providing independent and non-executive oversight on matters relating to the design, operation and monitoring of the remuneration framework and the effectiveness of the Remuneration Policy. The AAL PCRC conducts the annual Remuneration Policy review and makes recommendations to the AAL Board for approval of individual remuneration arrangements, performance and outcomes for the CEO, Senior Managers and other categories of individuals.

AAL PCRC has five members. All members of the AAL PCRC are also members of the Audit and Risk Committees. This cross-membership creates a strong governance net and ensures constant information sharing across the three Committees and AAL Board.

The AAL PCRC had five meetings in 2024.



### Joint AAL PCRC, Risk Committee and Audit Committee meeting

A formal Joint Committee meeting held at least annually between the PCRC, Risk and Audit Committees is convened to discuss risk, conduct and performance outcomes of senior executives. The outcomes of the Joint Committee meeting are incorporated into the senior executives' annual performance, remuneration and risk outcomes presented to the AAL Board for approval. Any adjustments to performance assessments, and therefore remuneration, are incorporated in the individual outcomes of the senior executives.

The Joint Committee met once in 2024.

The accountable executives for the respective functions, being Chief People & Culture Officer, Chief Risk Officer and Chief Audit Executive are present at the Joint Committee meeting and table the data collected to support the discussion.

In determining remuneration outcomes, the AAL Board has ultimate discretion on amounts to be paid, within the guidelines of the remuneration framework. In doing so, the AAL Board considers financial and non-financial performance holistically, including ensuring compliance with Allianz' Risk Appetite Statement and any impacts on the organisation's soundness including reputational standing. All fixed and variable remuneration outcomes can be adjusted down (including to zero) and all deferred payments can be subject to downwards adjustments to protect the interests of Allianz.

No external remuneration consultants were commissioned by the Board in 2024. Management use independent, externally sourced remuneration data to support the Board in determining appropriate pay levels for key roles.

## 2.2 Specified Roles

Specified Roles in scope for this disclosure are described below:

**Senior Managers** are internally defined as Accountable Persons under the Financial Accountability Regime who form part of the Senior Management Team.

These include:

- Divisional Executives: Chief General Manager (CGM) Commercial, CGM Consumer and CGM Personal Injury; and
- Central Function Executives: Chief Financial Officer, Chief Customer and Operating Officer, Chief Technical Officer, Chief General Manager Corporate Affairs & Governance, Chief Risk & Compliance Officer, Chief People & Culture Officer, Chief General Manager Transformation, Chief Data Officer and Chief Audit Executive.

**Material Risk Takers (MRT)** are internally defined as Allianz executives that can individually or collectively impact the risk performance of AAL.

Typical roles include:

- General Manager roles in each Insurance division accountable for Underwriting, Distribution, Direct and Product and Portfolios;
- Chief Investment Officer, Chief Actuary, Chief Information Officer, Head of Reinsurance; and
- CEOs of Underwriting Agencies.

**Highly Paid MRT (HPMRT)** are those MRT who are paid more than \$1m in actual remuneration.

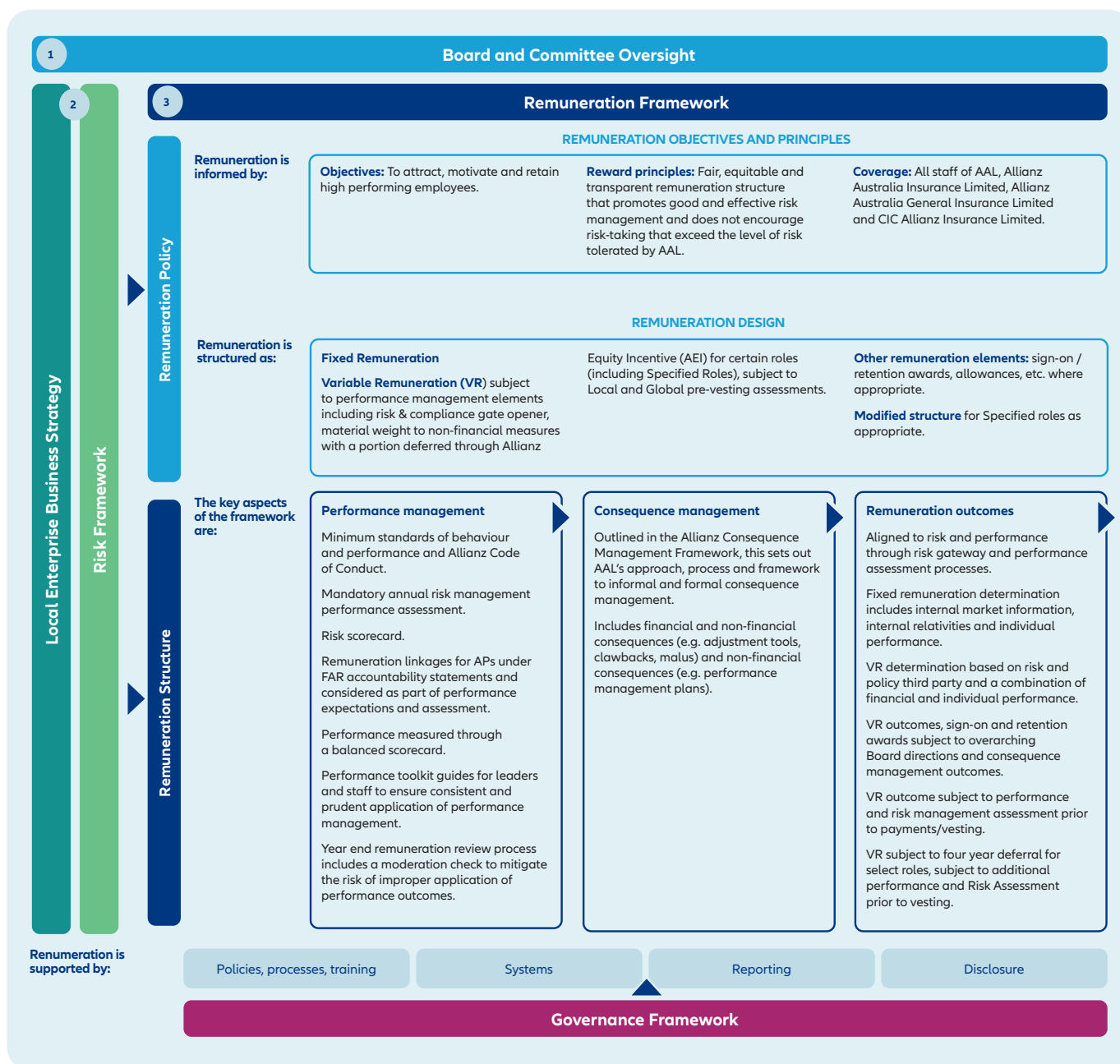
**Risk and Financial Control Personnel (R&FCP)** are internally defined as Line 2 Risk and Compliance, Internal Audit, Financial Control and Actuarial Control roles with accountability for setting, reviewing policy and framework.



## 2.3 Remuneration Framework

The Board, in collaboration with the CEO and Senior Management Team, sets the strategic direction for AAL. Performance priorities, including risk management are cascaded from the CEO to all employees. Remuneration outcomes are determined based on the achievement of performance objectives, ensuring that there is direct alignment between enterprise strategy and individual performance and remuneration outcomes.

The graphic below illustrates the different components of the remuneration framework, the scope of Board and Committee oversight and the link back to organisational strategy and risk framework.



The AAL remuneration framework is designed to attract, retain and motivate high performing employees. The AAL Remuneration Framework, including all of its elements, is reviewed at least annually to ensure it supports the strategic objectives of AAL and ensure compliance with external regulation.

The Remuneration Policy applies to all employees and contractors within the AAL Group including subsidiaries and APRA regulated entities Allianz Australia Limited (AAL), Allianz Australia Insurance Limited (AAIL) and CIC Limited (CIC).

The Remuneration Policy covers remuneration arrangements with third party service providers (including distribution and non-distribution partners).



The following forms of remuneration apply at AAL:

- **Total Remuneration Benefit (TRB):** Comprises annual base salary and superannuation.
- **Variable Remuneration:** Azpire X, Azpire+ and Allianz Equity Incentive (AEI).  
Further detail provided below.  
All Variable Remuneration outcomes are subject to a Risk & Compliance modifier.
- **Sign-On Bonuses:** From time-to-time bonus payments are offered at the time of recruitment to permanent employees. The timing of the payment is determined on a case-by-case basis.

All variable remuneration payments including sign-on bonuses are subject to clawback, cancellation or malus.

The mix of remuneration is dependent on the purpose of the role and aligned to market practice. For example, revenue generating roles are more leveraged towards variable reward. Senior Managers have different weighting between fixed and variable pay with control and regulatory roles (Legal, People, Risk, Audit) 60% fixed and 40% variable pay. CGMs in product creation, financial performance and distribution roles are weighted 50/50 between fixed and variable pay.

R&FCP have a higher weighting to fixed pay and a higher weighting in their incentive metrics based on non-financial measures.

## 2.4 Variable Remuneration Plans

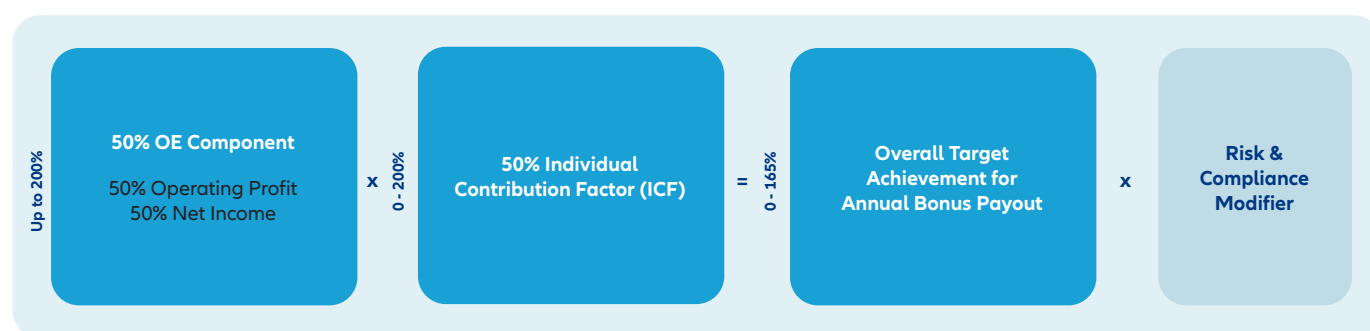
There are three variable remuneration plans at AAL:

**Azpire X** - Applicable to CEO and all Senior Managers with the exception of the Chief Audit Executive.

Azpire X comprises an annual payment made in cash and an equity incentive (AEI) that has a one year performance period and an additional four year deferral period for all participants (additional year deferral added for the CEO to meet requirements for the Standard). The deferral schedule is outlined in the visual in the following section. AEI is granted as shadow equity and settled in cash once all restrictions are lifted, and the sustainability and Solvency II assessment has been met.

Azpire X outcomes are calculated as the Allianz Australia Operating Entity (OE) Component multiplied by the participant's the Individual Contribution Factor (ICF). All Azpire X outcomes are subject to a Risk and Compliance modifier.

The performance conditions under the OE Component are 100% financial and the performance conditions under the ICF comprise a balanced scorecard of financial and non-financial measures.

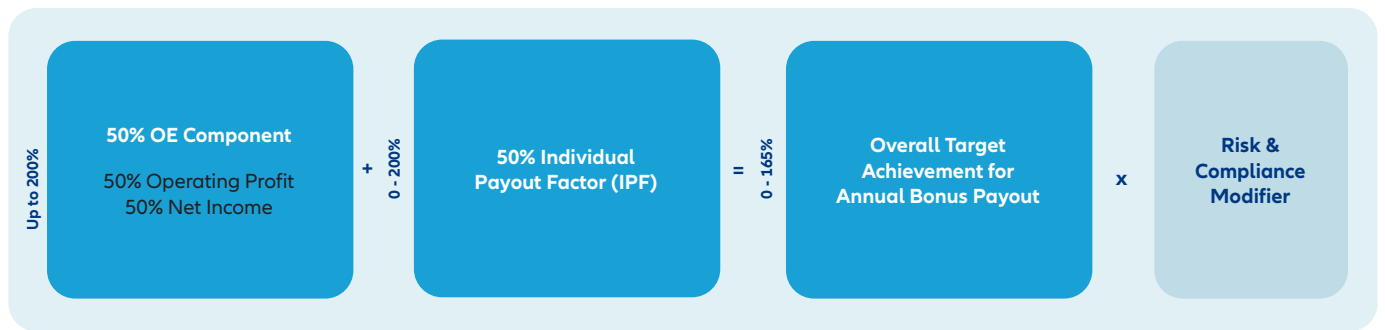


**Azpire + with an AEI** – 50% of the MRTs participate in this plan, as well as the HPMRT.

Azpire + comprises an annual payment made in cash plus AEI. The AEI has a one-year performance period and an additional four-year deferral period as outlined in visual in the following section. It is granted as shadow equity and settled in cash.

Azpire + outcomes are calculated as the OE Component outcome added to the participant's Individual Performance Factor (IPF) outcome. All Azpire + outcomes are subject to a Risk and Compliance modifier.

The performance conditions under the OE Component are 100% financial and the performance conditions under the IPF comprise a balanced scorecard of financial and non-financial measures.

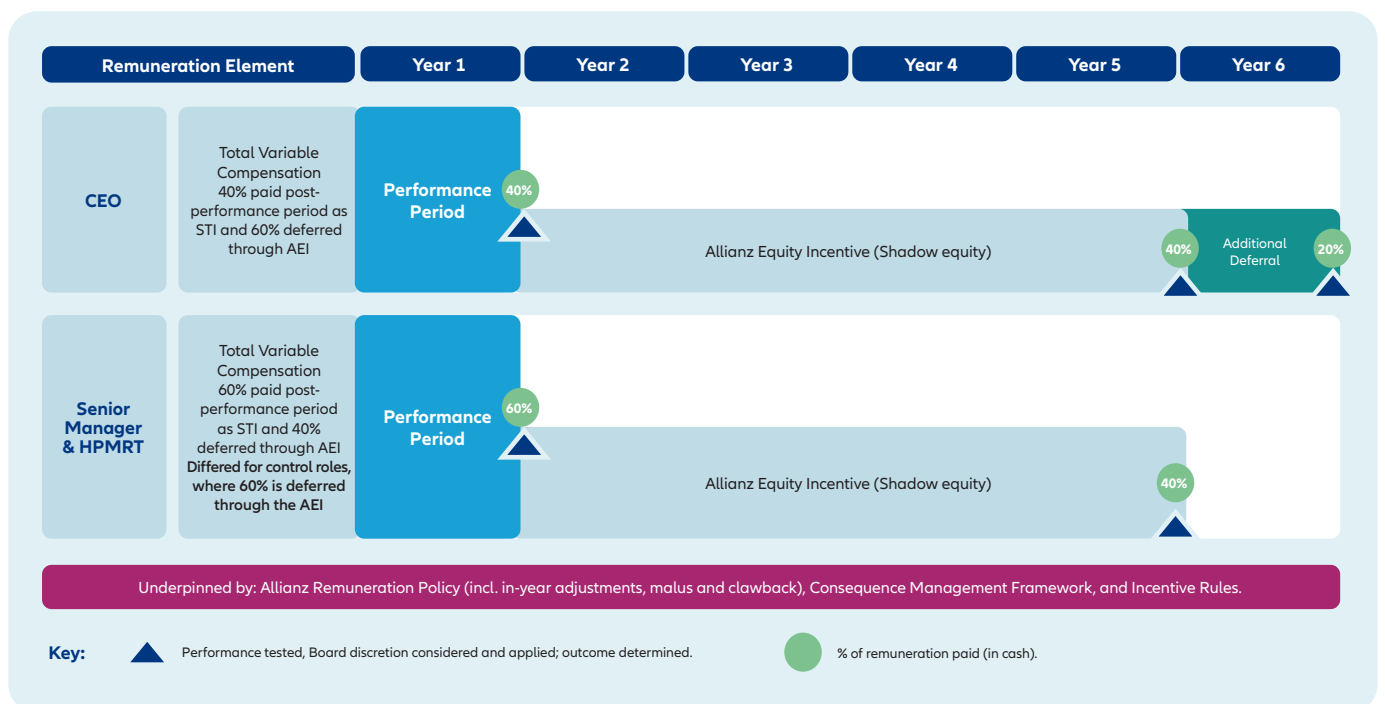


**Azpire + without an AEI** - Applicable to remaining MRTs and all R&FCP.

Azpire + without an AEI comprises an annual payment in cash with no deferral.

#### Deferral and vesting of variable remuneration

The deferral and vesting schedule of the AEI is detailed below:





### **Treatment for Good Leavers**

In cases of retirement or termination because of redundancy, a pro-rated incentive may be payable to a terminated employee with the Allianz SE Board and AAL Board approval in the cases of Azpire X (Senior Managers) and any AEI participants. The timing, calculation of the value and conditions of the payment (subject to the clawback and malus) are the same as for active employees.

Good leaver treatment for Azpire X employees is approved by Allianz SE with endorsement from local Board.

### **Variable remuneration pool**

The variable remuneration pool is set and assessed at a global level based on the overall achievement of strategic objectives across the Allianz Group. The local allocation of the pool to individuals is approved by AAL Board based on performance against agreed financial and non-financial objectives. The variable remuneration awarded to individuals is based on agreed financial and non-financial measures including a mandatory risk priority.

### **Adjustments to variable remuneration**

Adjustments to variable remuneration include in year adjustments applied through the Individual Performance Component and malus and clawback to unvested deferred awards.

Under the remuneration policy, the maximum variable remuneration outcome is 165% of target. The PCRC has the discretion to approve variable remuneration up to 200% of target in exceptional cases and reduce variable remuneration outcomes (including to zero where applicable).

The AAL Board with input from PCRC, Risk Committee and Audit Committee will determine if any downward adjustments, be it through adjustment of in-year incentives, malus of unvested AEI or clawback of prior year awards, are required to:

- a. Protect the financial soundness of Allianz,
- b. Certify prudent risk-taking and adherence to the risk management framework by employees,
- c. Respond to significant unexpected or unintended consequences that were not foreseen by the Board including but not limited to significant unexpected financial losses, reputational damage or regulatory non-compliance,
- d. Respond to material examples of poor conduct, culture and/or failure to meet local or Group Executive Accountability Regime accountability obligations, and
- e. Protect the reputation of Allianz.

Clawback and malus provisions apply to all AEI participants which includes the CEO, all Senior Managers and approximately 50% of MRTs as well as the HPMRT. The remaining MRTs do not participate in the AEI plan.

AAL's AEI plan is CPS 511 compliant in design and application of vesting practices.





## 2.5 Alignment between remuneration outcomes and performance

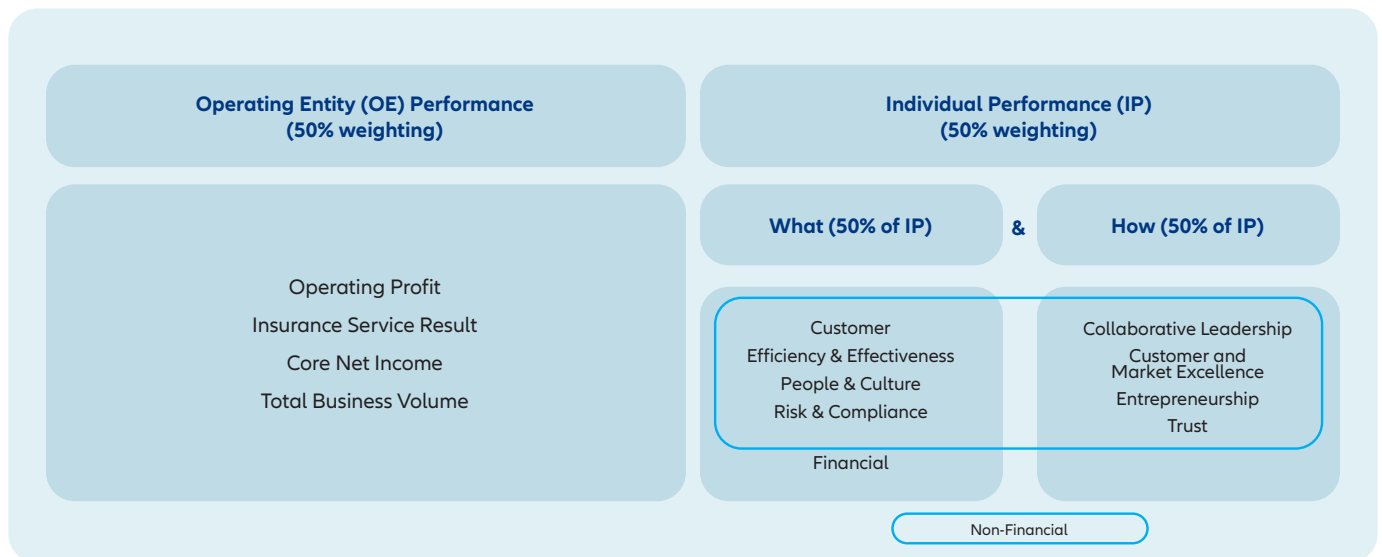
Measurement of performance is completed equitably and consistently across AAL.

Performance outcomes are determined by a combination of enterprise (the OE) and an individual component.

The financial performance of Allianz Australia (OE Component) is determined by the Allianz SE Board.

For the CEO, senior managers, MRT and HPMRT the individual component is broken down into five equally weighted “What” measures and four “How” measures resulting in approximately 90% of the individual component being based on non-financial measures.

Individual outcomes are determined by the employee’s leader, with endorsement from the employee’s 2 up leader.

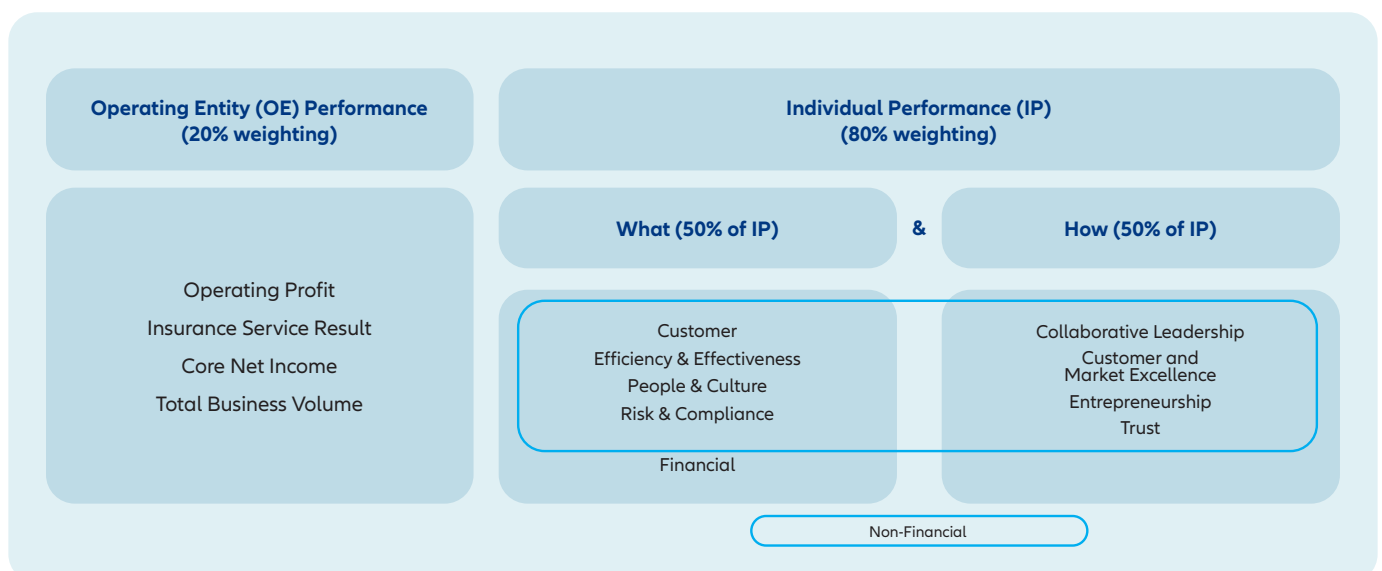


Employees in R&FCP roles have a lower weighting on financial metrics. R&FCP variable reward outcomes are based on 20% weighting of Allianz Australia’s OE Component (compared to 50% for all other incentivised employees), and 80% Individual Performance.

Individual performance is assessment across both What and How criteria.

This results in more than 70% of variable reward being based on non-financial measures, ensuring a high level of independence between the organisation’s financial performance and the employee’s variable pay outcome.

### Performance conditions applicable for R&FCP:

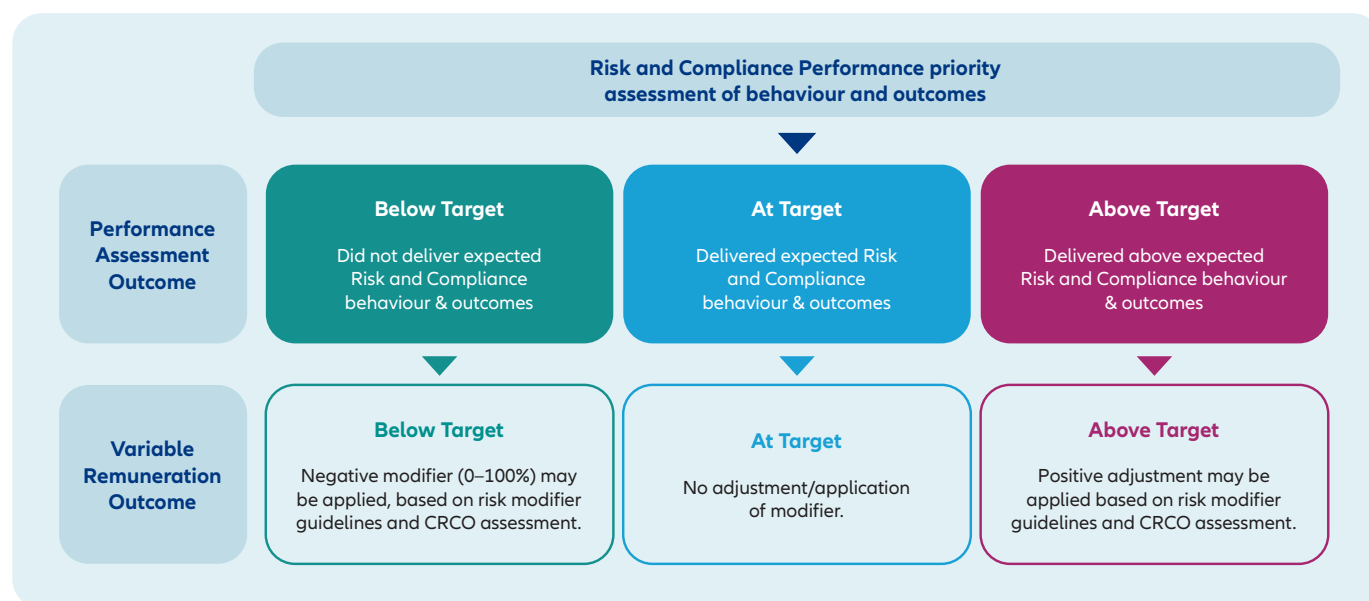




## 2.6 Adjustments for Risk and Compliance and Sustainability

The remuneration framework supports the prevention and mitigation of conduct risk through mandatory risk and compliance goals for all employees and the Risk and Compliance modifier for all incentivised employees. The utilisation of a Risk & Compliance Modifier allows managers to positively reward risk role modelling as well as apply downward adjustments proportionate to the risk event.

The Risk & Compliance Modifier was introduced in 2024 as a result of the most recent annual review of the Remuneration Framework its support of strategic objectives at AAL.



The Risk & Compliance Modifier is set based on an employee's rating on their Risk & Compliance performance priority. Employees with 'Above Target' and 'Below Target' performance rating on the Risk and Compliance performance priority may have a positive or negative modifier applied to their variable pay outcomes.

The Chief Risk and Compliance Officer (CRCO), Chief Audit Executive, Chief General Manager Corporate Affairs & Governance and Chief People and Culture Officer review all 'Above Target' and 'Below Target' rated recommendations for the Risk & Compliance priority and remuneration outcomes to ensure the application of the rating and the quantum of adjustment (up or down) is commensurate with Risk & Compliance performance.

Conduct and risk performance is measured against the Board approved Risk Appetite Statement.

Separately, prior to any payment made under the AEI the Allianz SE Board will undertake a sustainability assessment. With input from the AAL Board, the Allianz SE Board will consider any events that have reduced or negatively impacted overall sustainability in a significant way, and to what degree the behaviour of the AEI participant contributed.

## 2.7 Alignment to strategic objectives and risk management frameworks

Allianz SE sets the global strategic direction of Allianz, and this is then implemented at country level by the local Boards. Performance priorities, including risk management are cascaded from the country CEO to all employees. Remuneration outcomes are determined based on the achievement of performance objectives, ensuring that there is direct alignment between enterprise strategy and individual performance and remuneration outcomes.

Mandatory risk performance priorities and Risk and a Compliance modifier are key pillars of the performance framework. This design promotes sound and effective risk management, accountability, and encourages risk-taking within Allianz' Risk Appetite Statement.

In addition to annual incentives, senior executives have a long term incentive to balance immediate and long term business sustainability.

Allianz SE considers overall performance in determining annual bonus pool funding, including long term sustainability and Solvency II measures when approving the vesting of long term incentives.



## 2.8 Remuneration Outcomes

The rules of the variable remuneration plans described in this document are applied to all roles including Specified Roles without exception to ensure that there is clear linkage between risk, performance and remuneration outcomes.

The Individual Performance Factor (IPF) which influences final variable remuneration outcomes (as highlighted in Section 2.4) is determined based on individual performance ratings. Calibration sessions are run at both Business Unit and Enterprise levels to ensure consistent and equitable application of these guidelines for all eligible employees.

Additionally, the application of the risk and compliance modifier as outlined within section 2.6 also ensures that risk performance is adequately factored into overall variable remuneration outcomes. All final variable remuneration outcomes are approved by the AAL PCRC and AAL Board as per the requirements of the Standard.



Allianz Australia Insurance Limited